

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6586

BILL NUMBER: HB 1230

DATE PREPARED: Feb 5, 2002

BILL AMENDED: Feb 4, 2002

SUBJECT: Annexation.

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) This bill adds the town of Brownsburg to the municipalities that may exempt annexed agricultural land from property tax liability until the land is rezoned under a different classification. It requires a municipality to pay all costs, including attorney's fees, that are incurred by a landowner as a result of the municipality's unsuccessful attempt to annex the landowner's property. The bill also updates population parameters to reflect changes in the 2000 decennial census.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill provides that if any of the municipalities listed below attempt to annex property and a circuit or superior court is adverse to, or the municipality discontinues, the annexation, those municipalities shall be ordered by the circuit or superior court to reimburse owners of the properties for their expenses incurred due to the annexation. The costs and expenses may include attorney's fees, appraisal fees and engineering fees. The fiscal impact on these municipalities would be dependent on the extent of the annexation at the time of a court's adverse decision on, or municipality's abandonment of, the annexation process.

Explanation of Local Revenues: Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow the Town of Brownsburg to do the same.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property

from property taxes would not represent very much valuation. This provision would not reduce the property tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

The town could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the town.

State Agencies Affected:

Local Agencies Affected: Town of Brownsburg, Lake County's Municipalities, Plainfield, Avon, Michigan City and Westfield.

Information Sources: